

FY 2013-14
REVENUE BRIEFING

PRESENTED TO
SOUTH CAROLINA
HOUSE OF REPRESENTATIVES
WAYS & MEANS COMMITTEE

January 9, 2013

BY
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CHIEF ECONOMIST, STATE OF SOUTH CAROLINA

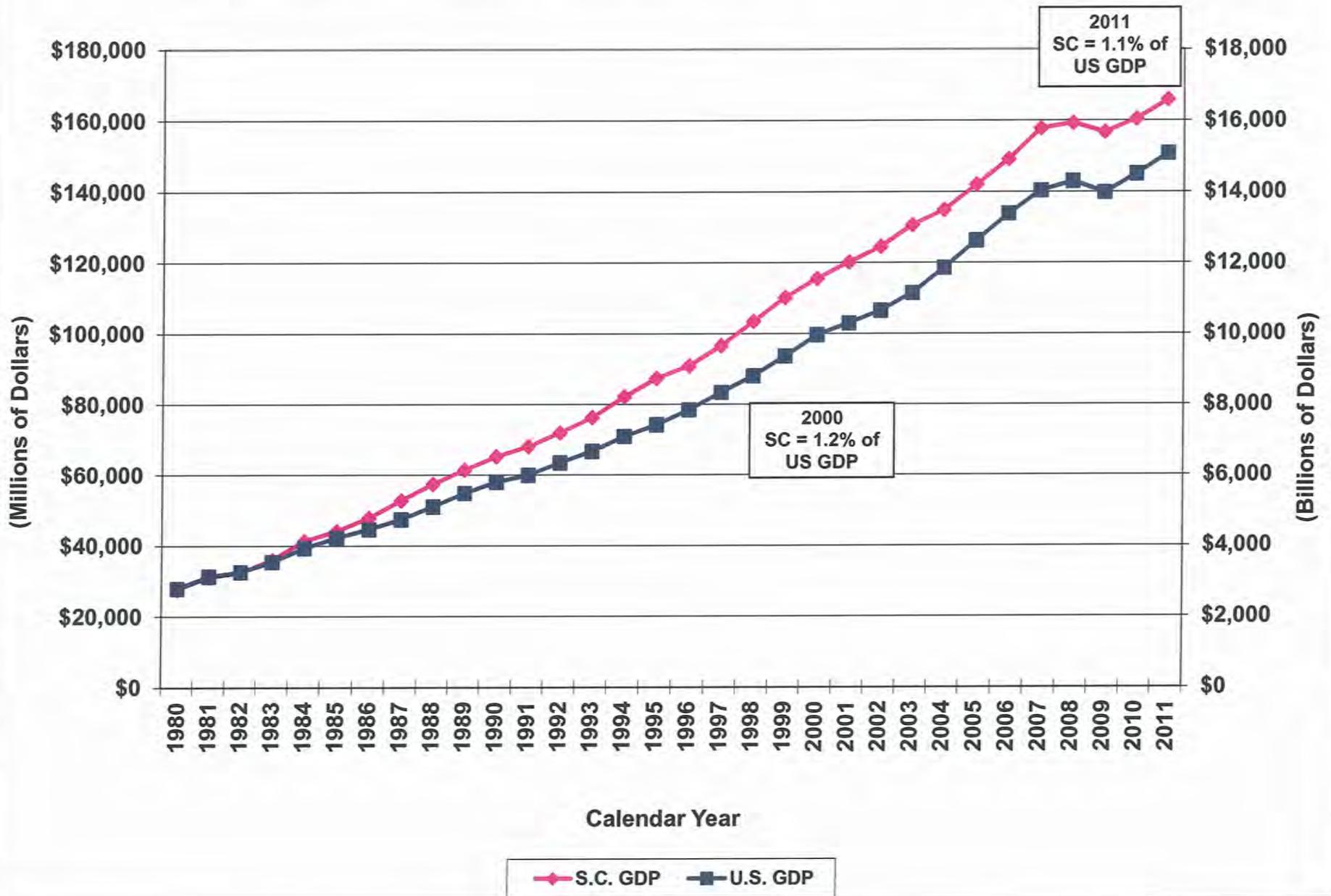
S.C. BUDGET & CONTROL BOARD
BOARD OF ECONOMIC ADVISORS / OFFICE OF RESEARCH & STATISTICS
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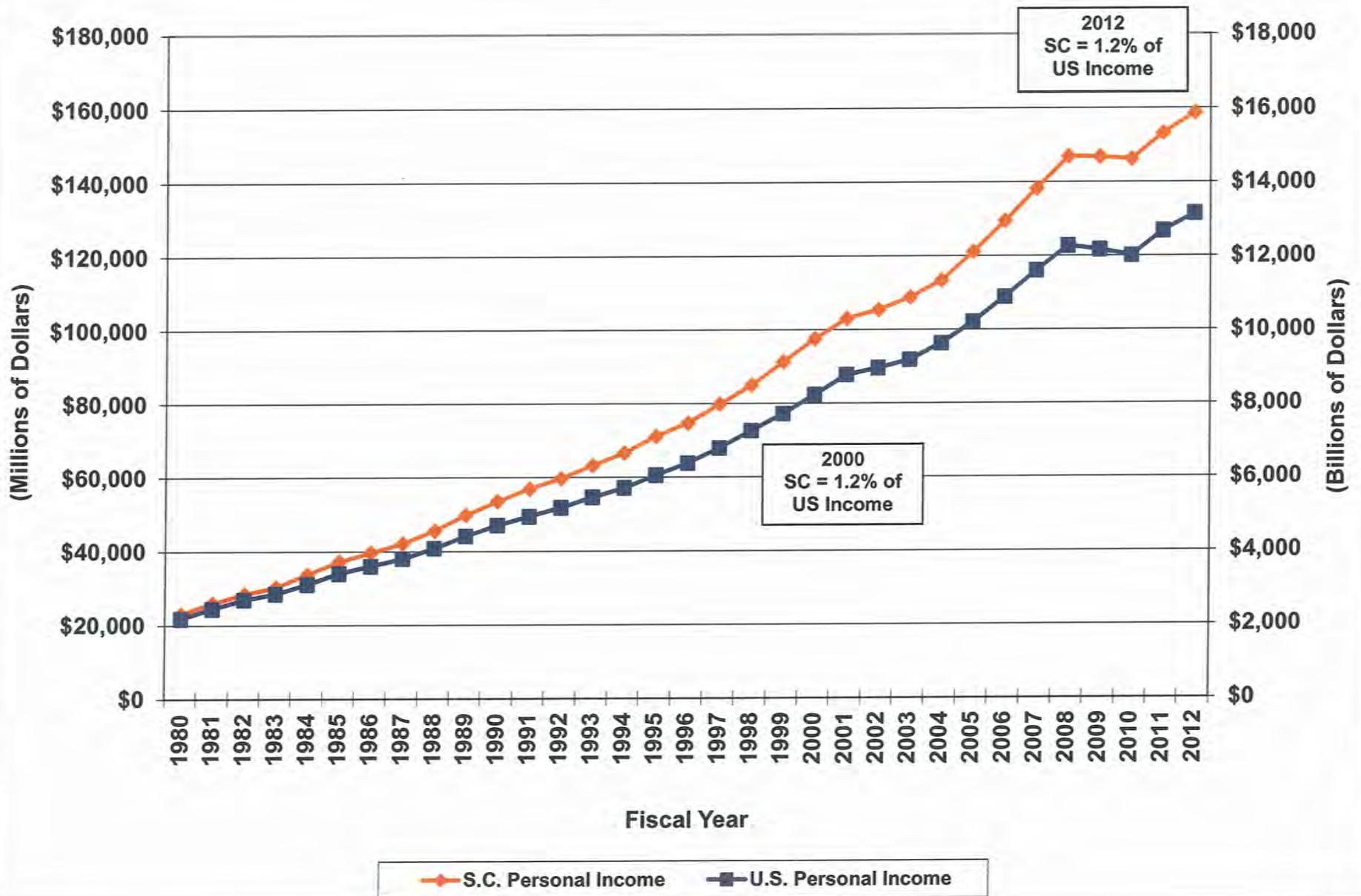


ECONOMIC TRENDS

Gross Domestic Product in the United States and South Carolina



Personal Income in the United States and South Carolina

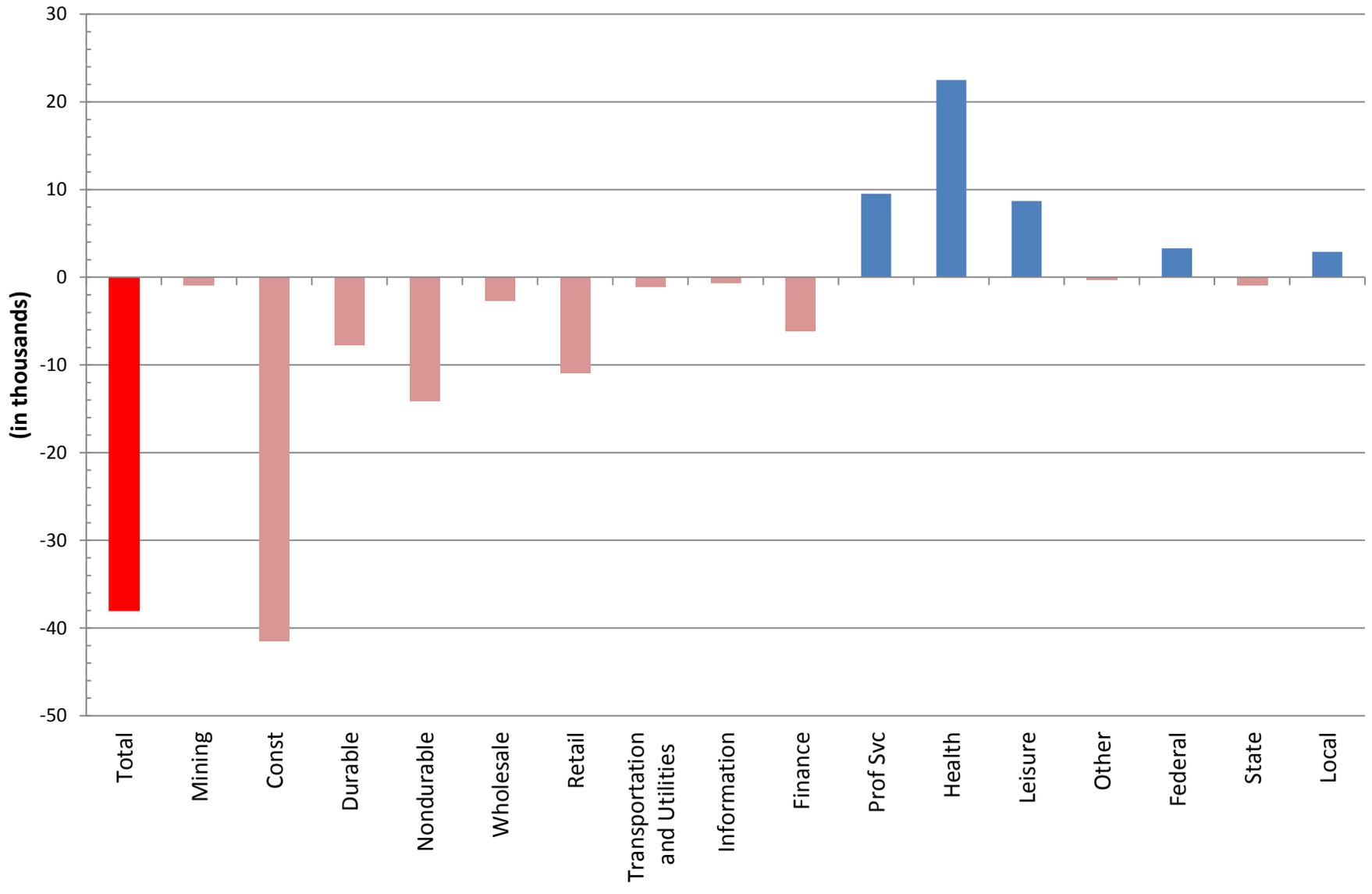


Total Nonfarm Employment in the United States & South Carolina



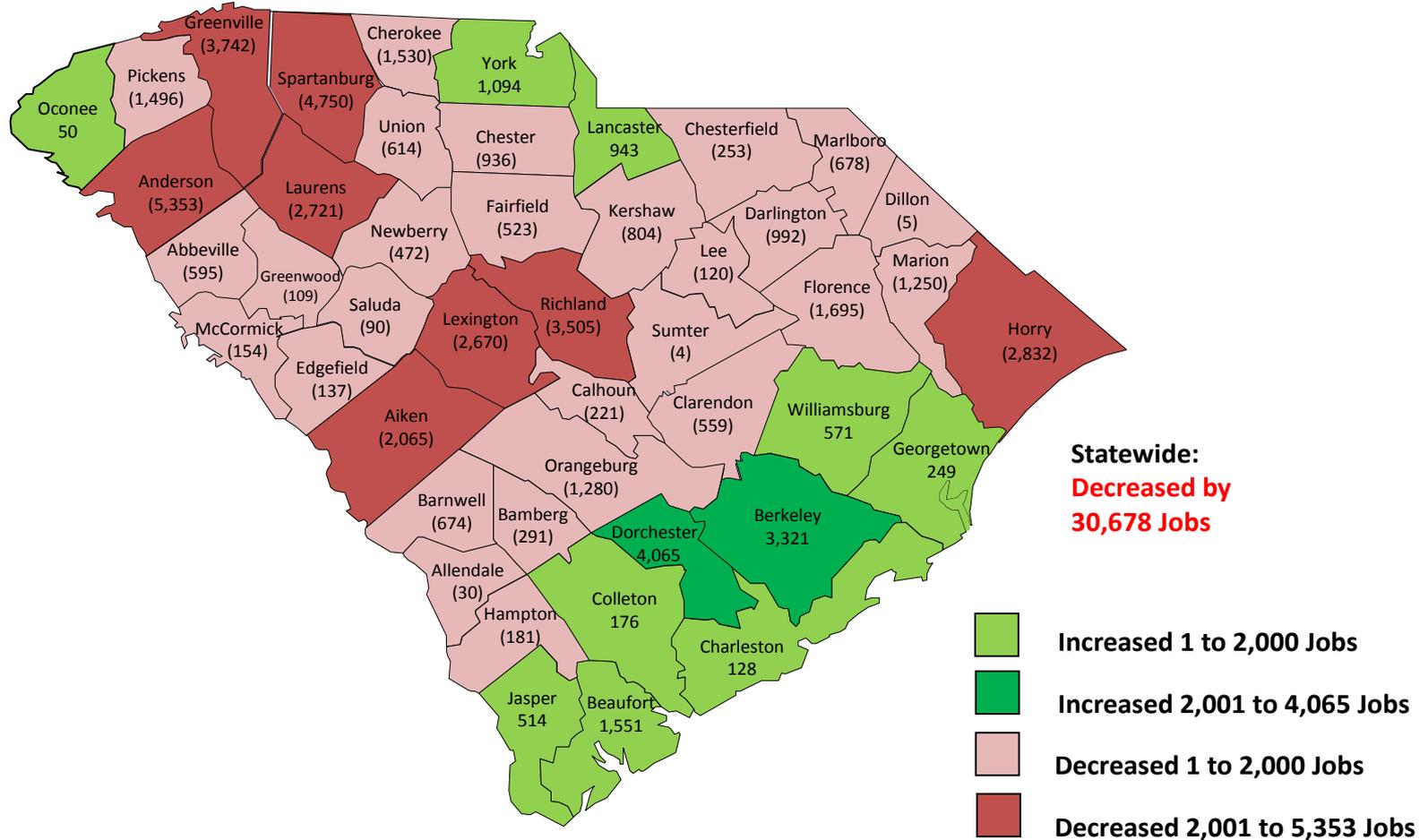
Source: U.S. Department of Commerce, Bureau of Economic Analysis

SC EMPLOYMENT GROWTH BY SECTOR NET CHANGE : JANUARY 2008 VS. NOVEMBER 2012

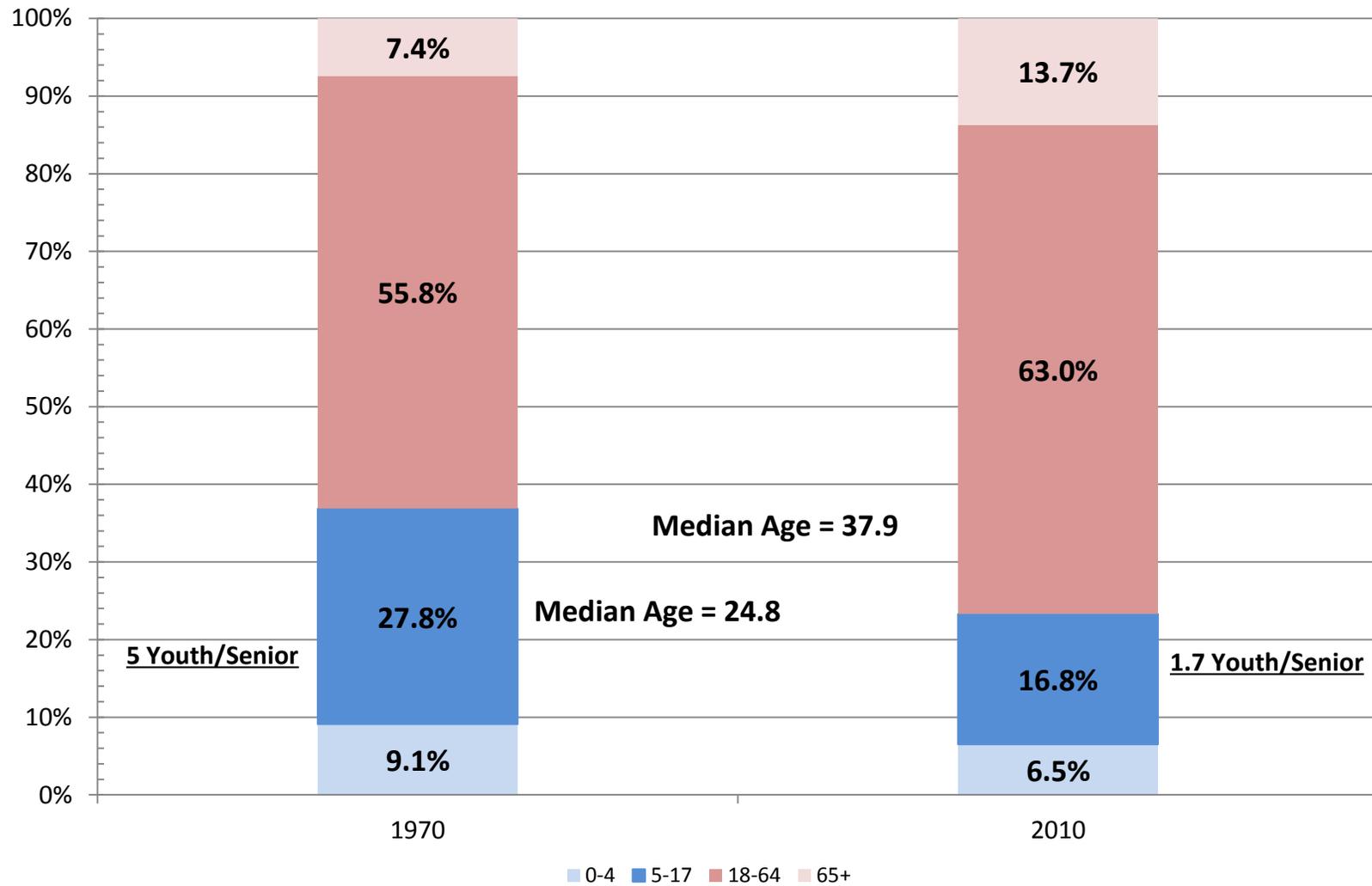


SC EMPLOYMENT GROWTH BY COUNTY

NET CHANGE: JANUARY 2008 VS. NOVEMBER 2012



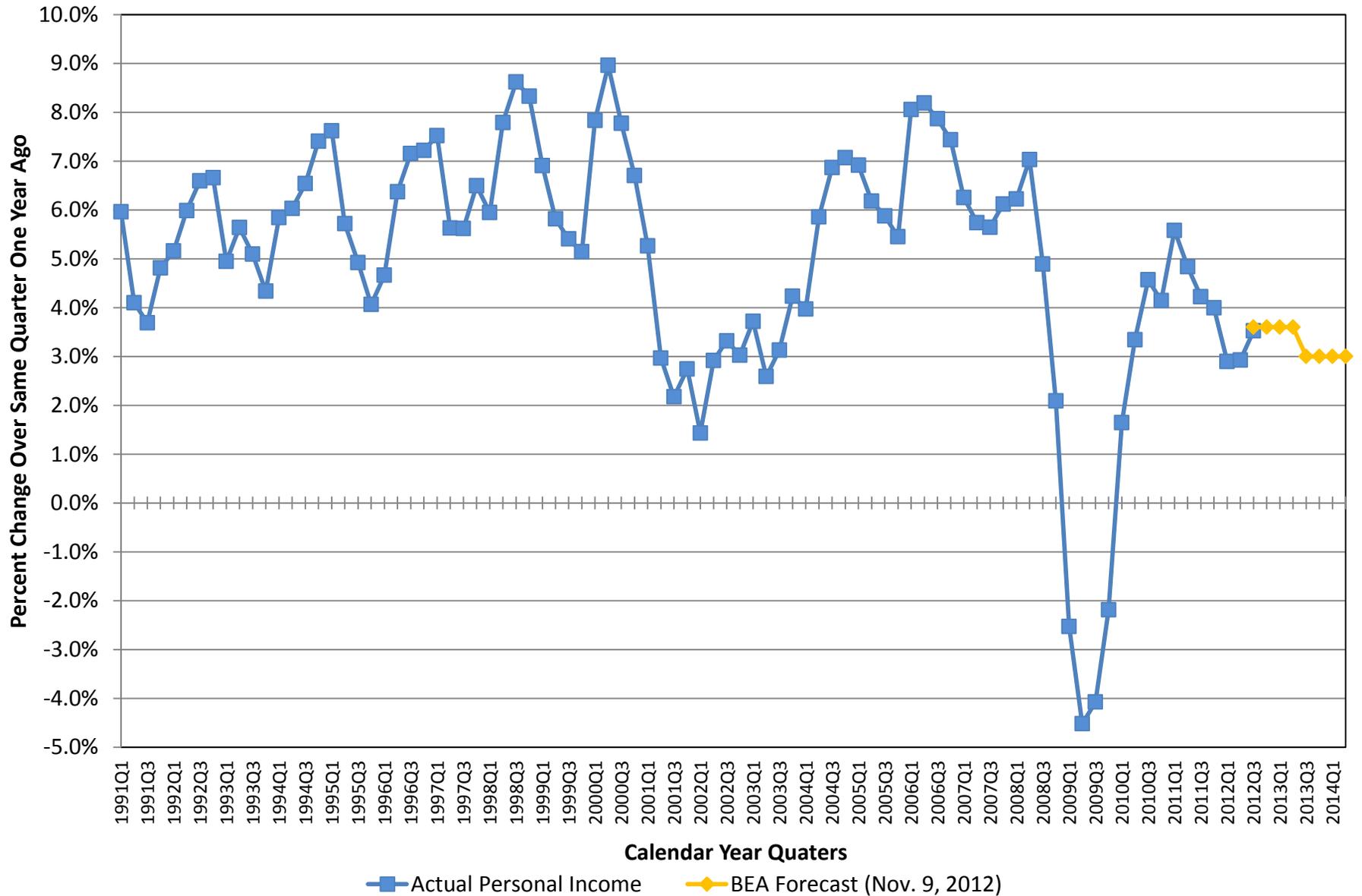
PERCENT OF SC POPULATION BY AGE RANGE



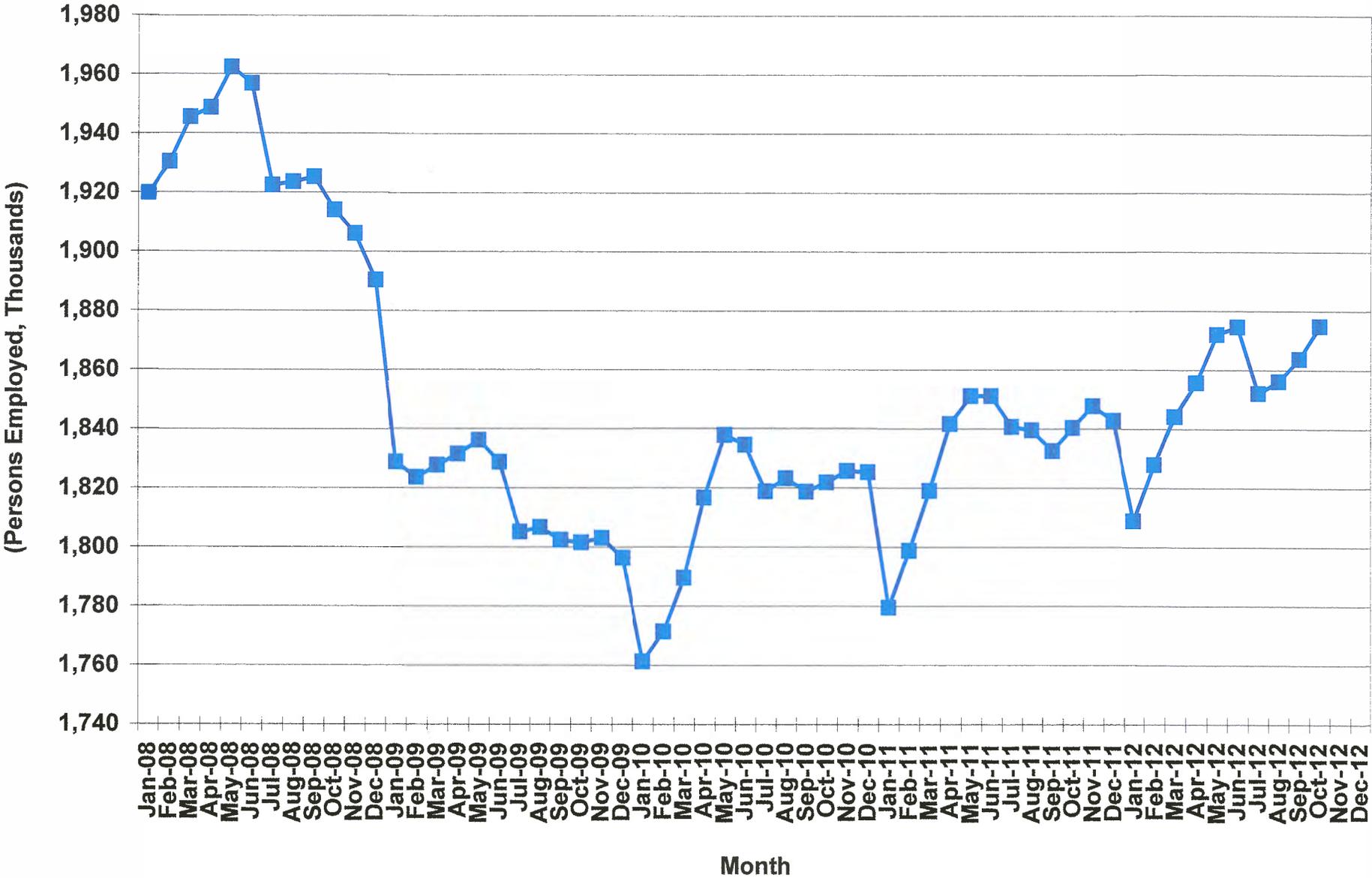


UPDATE
FY 2012-13
&
FY 2013-14

TOTAL PERSONAL INCOME GROWTH IN SOUTH CAROLINA

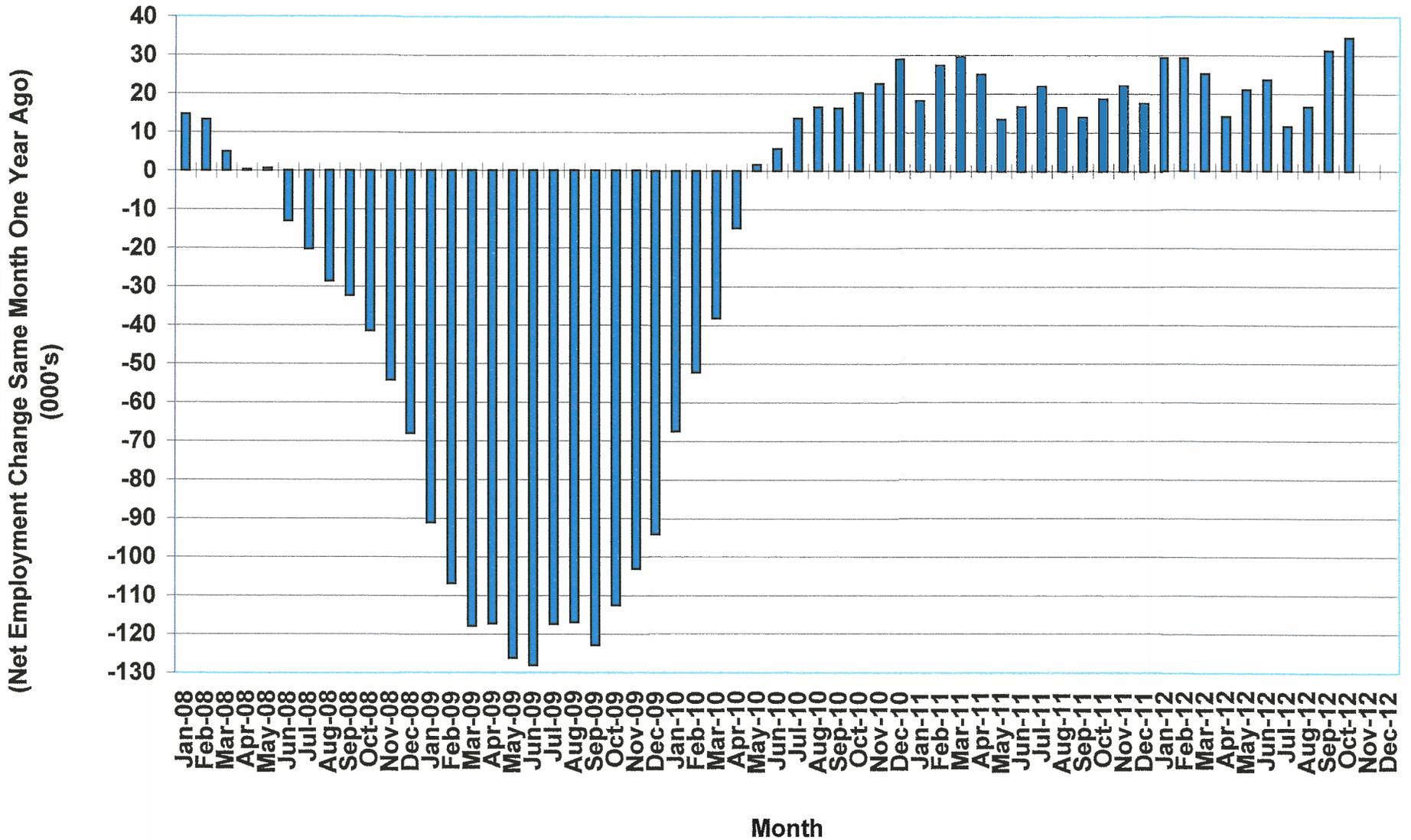


Total Employment in South Carolina



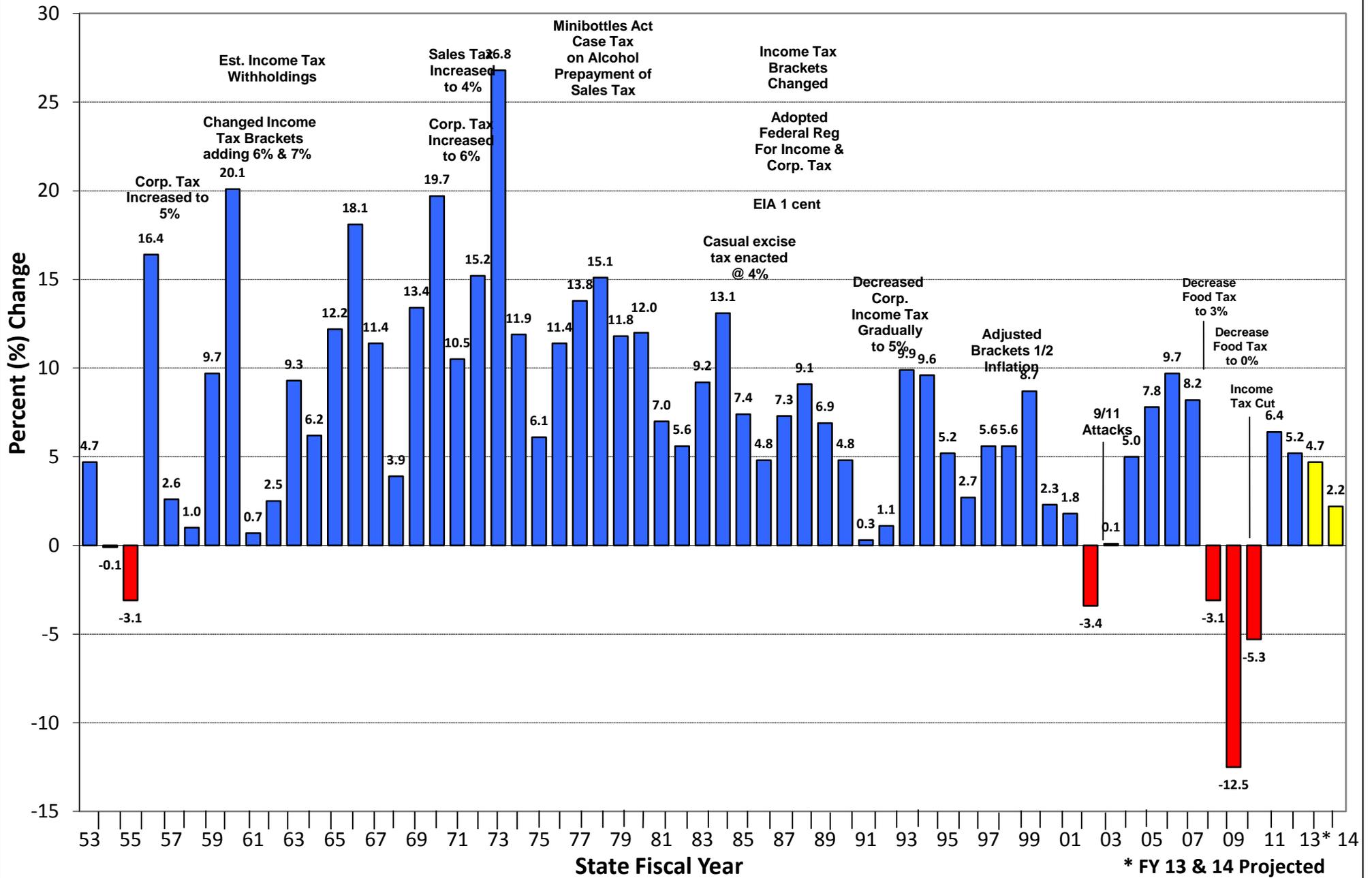
Source: South Carolina Department of Employment and Workforce
 SCBEA/RWM/12/13/12

Net Employment Increase/Decrease in South Carolina

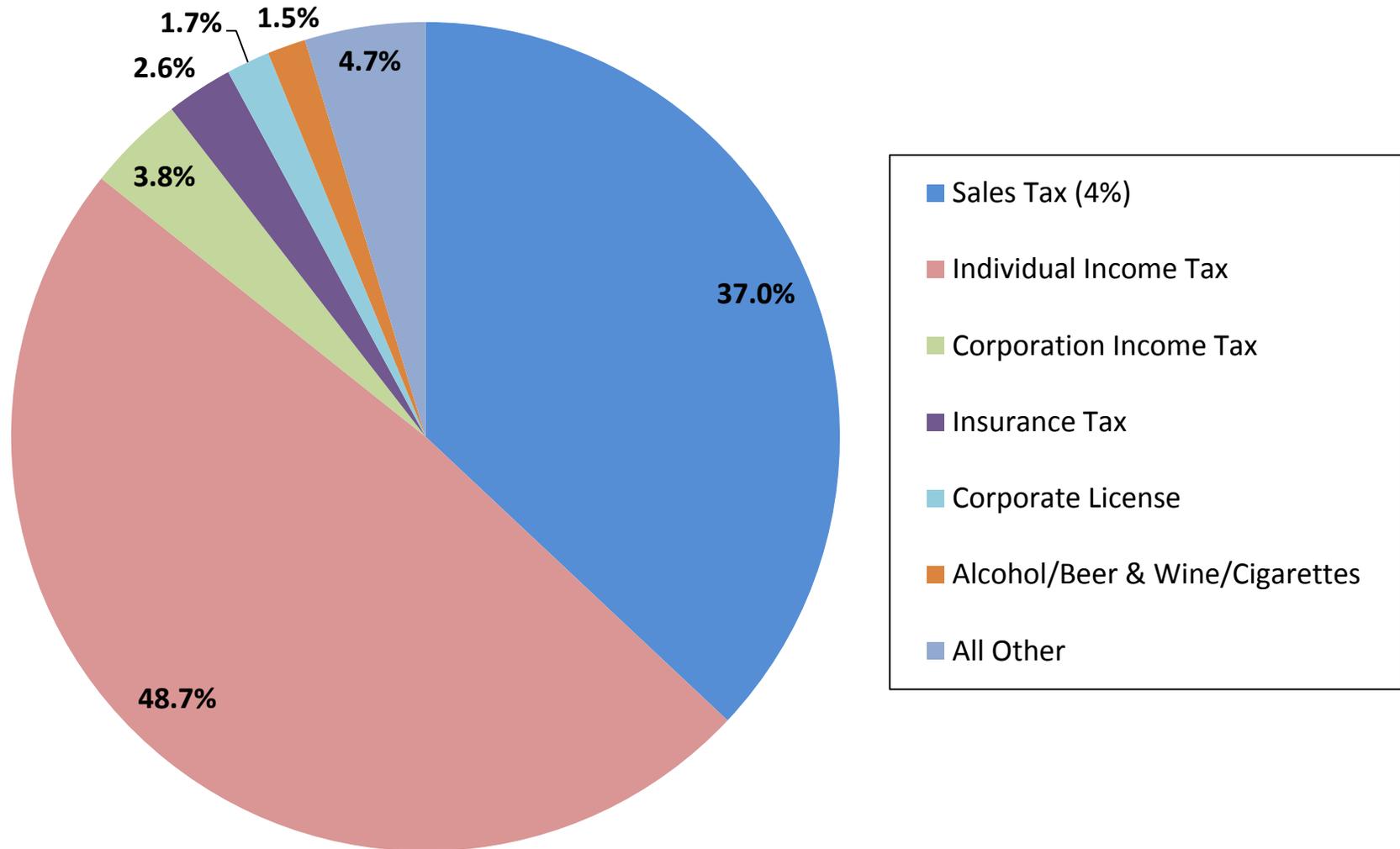


Source: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.
SCBEA/RWM/12/13/12

Percent Change in S.C. General Fund Revenue

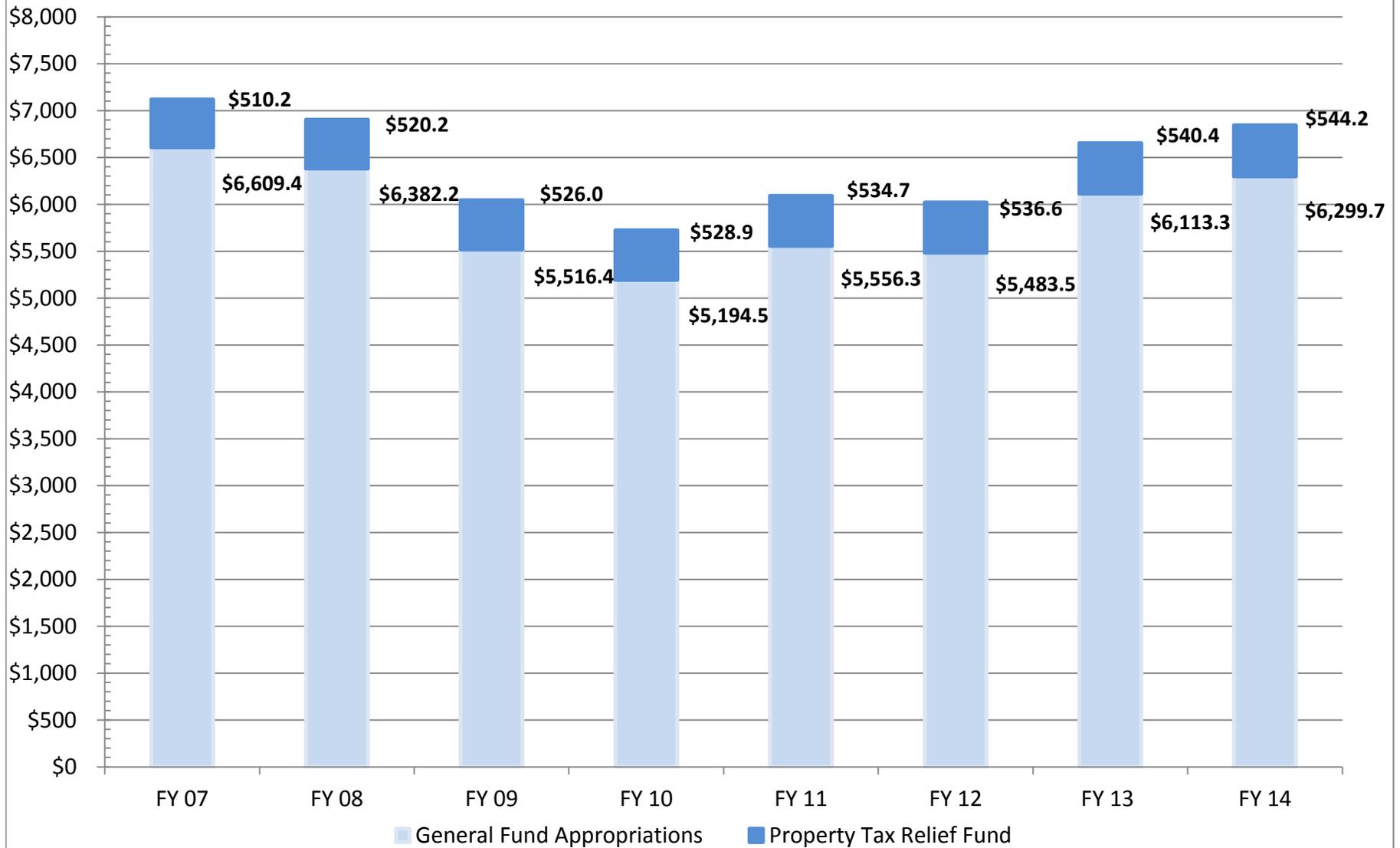


FY 2013-14 GENERAL FUND REVENUE Percentage Distribution By Revenue Type



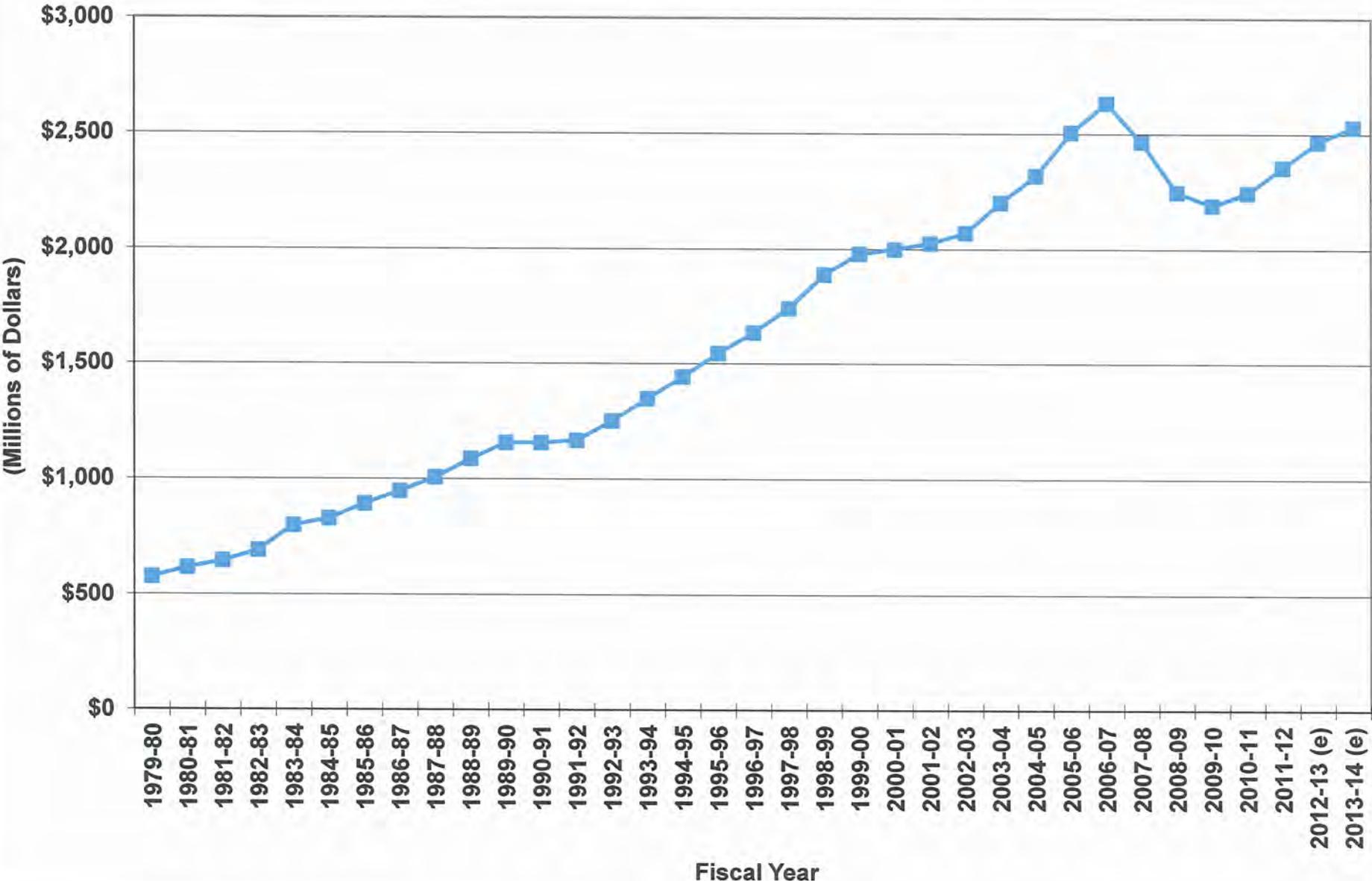
GENERAL FUND REVENUE

General Fund Appropriations & Property Tax Relief



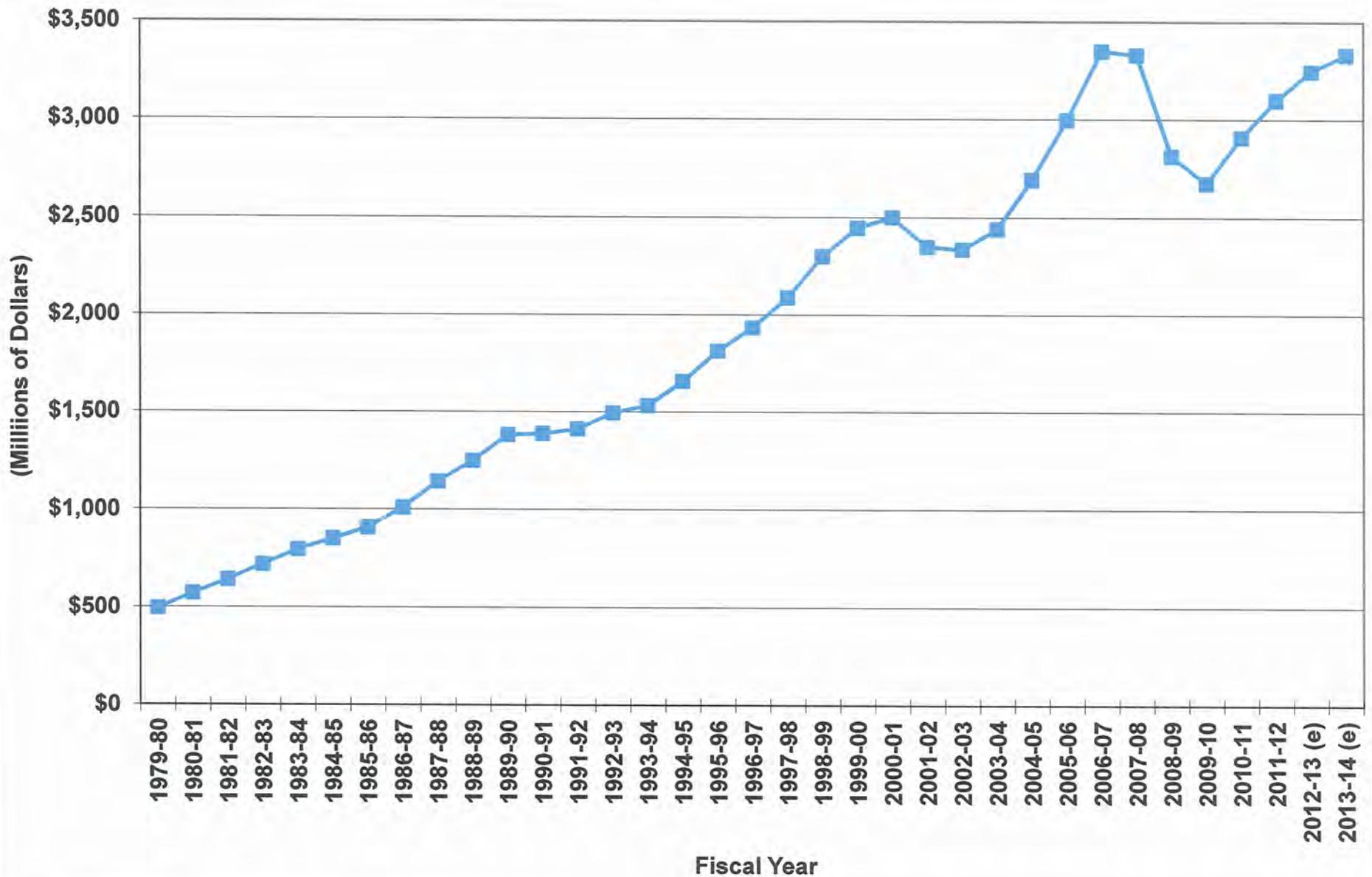
Source: SC Board of Economic Advisors 29-LJ 11/09/2012

South Carolina Sales Tax Revenue



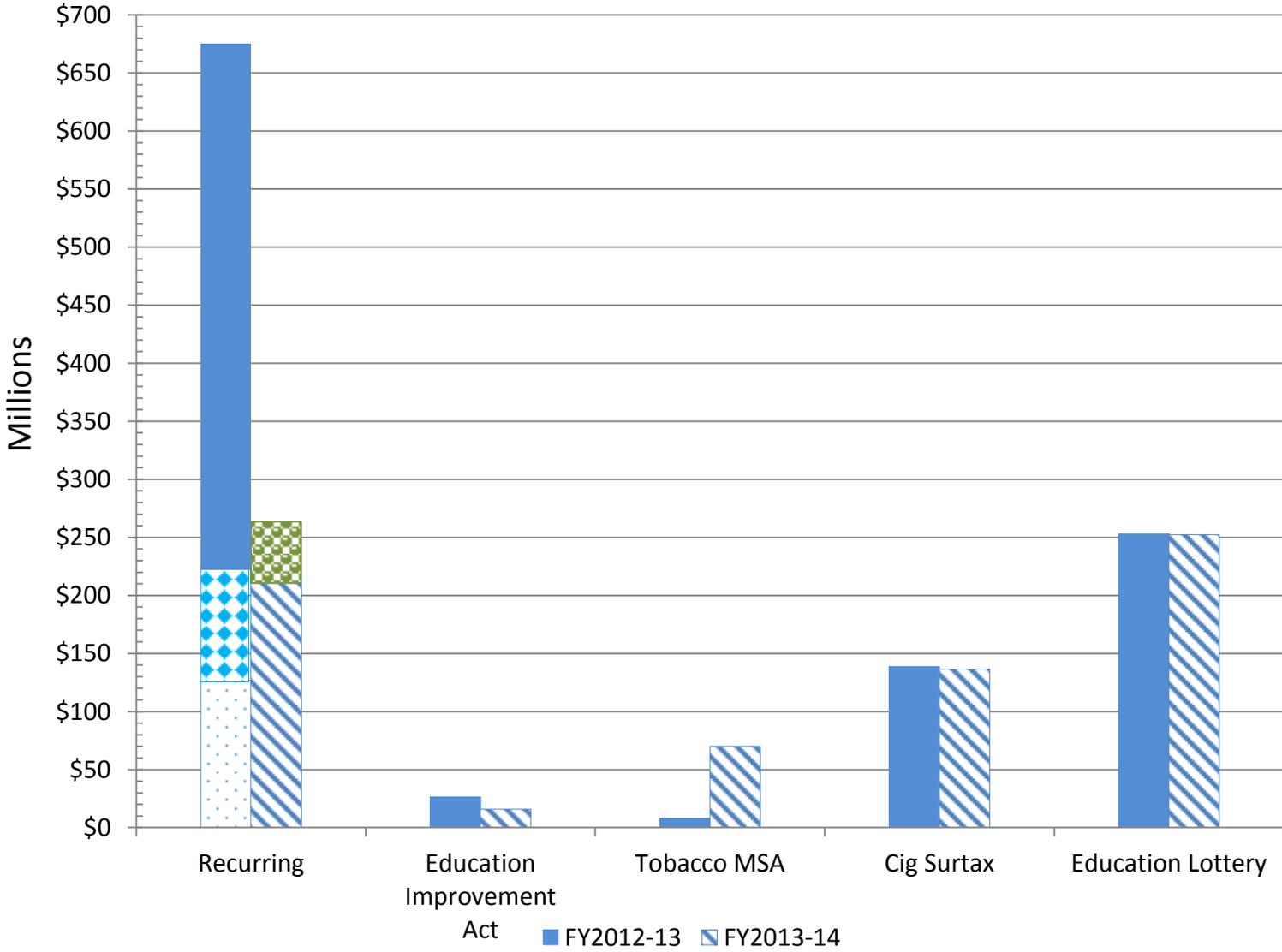
Source: Board of Economic Advisors

South Carolina Individual Income Tax Revenue



Source: Board of Economic Advisors

RECURRING FUNDS FY 2012-13 vs. FY 2013-14



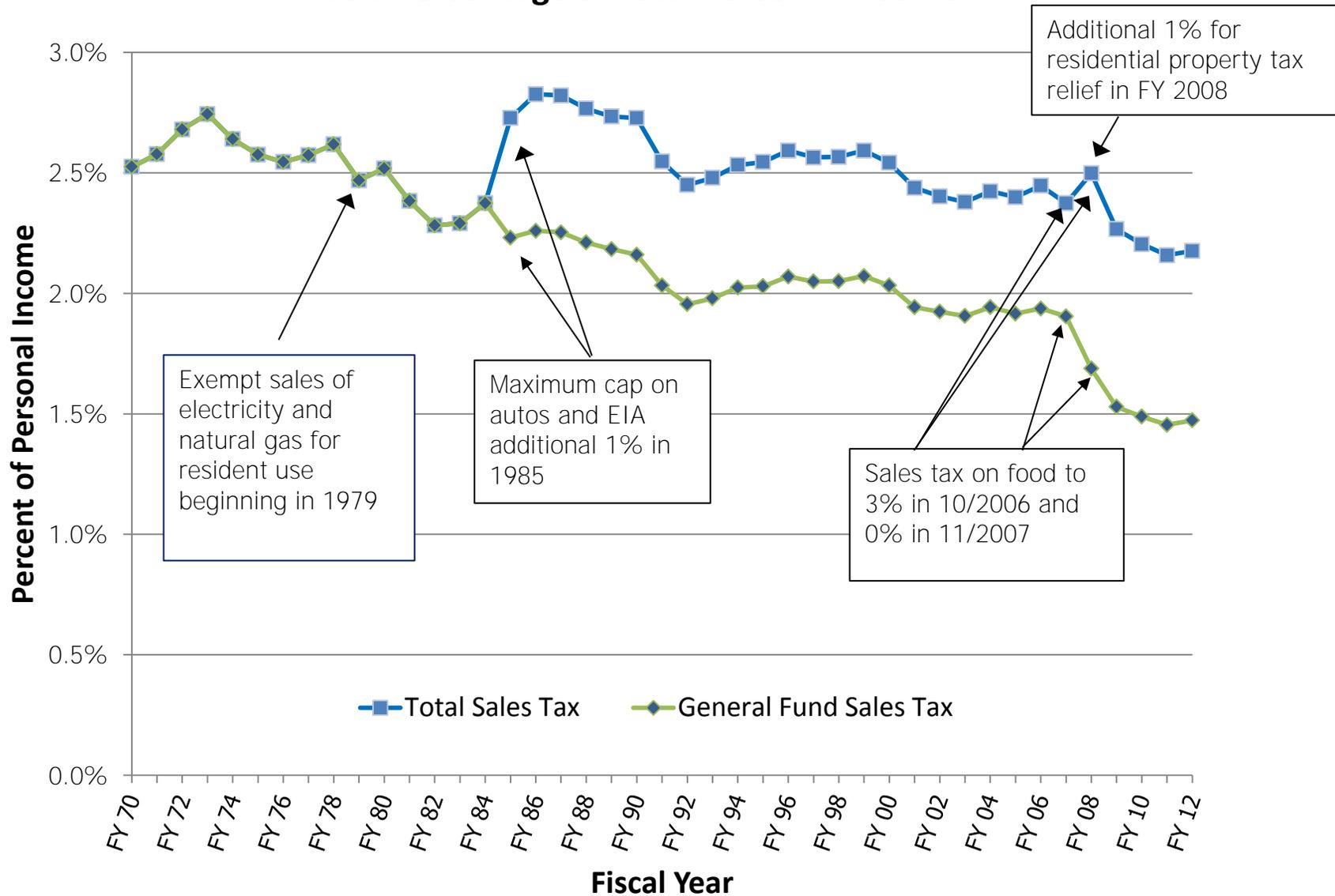
Excludes non-recurring and other one time funds.

Source: SC Office of State Budget, SC Board of Economic Advisors DG 100-1/07/2013

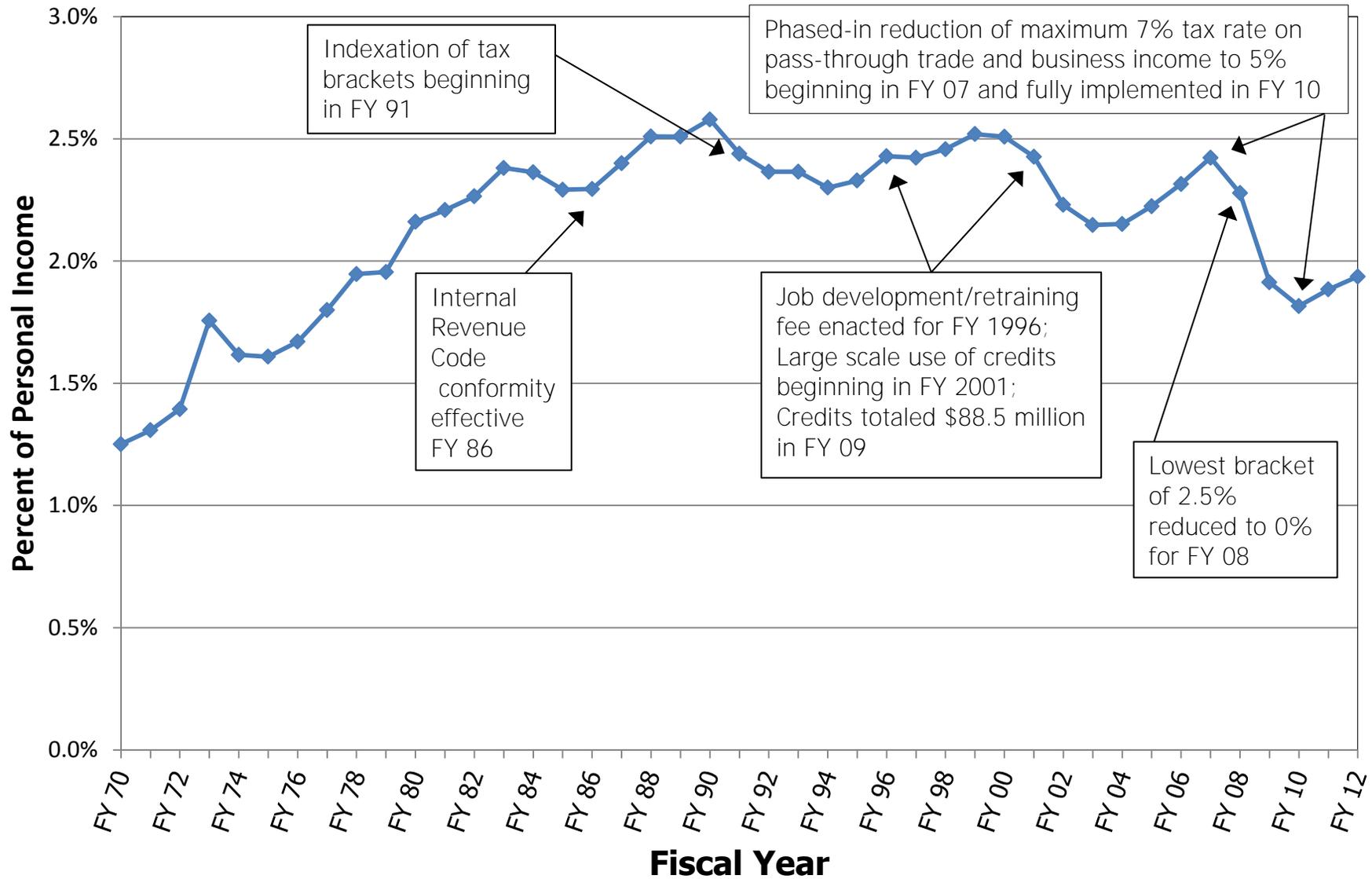
APPENDIX



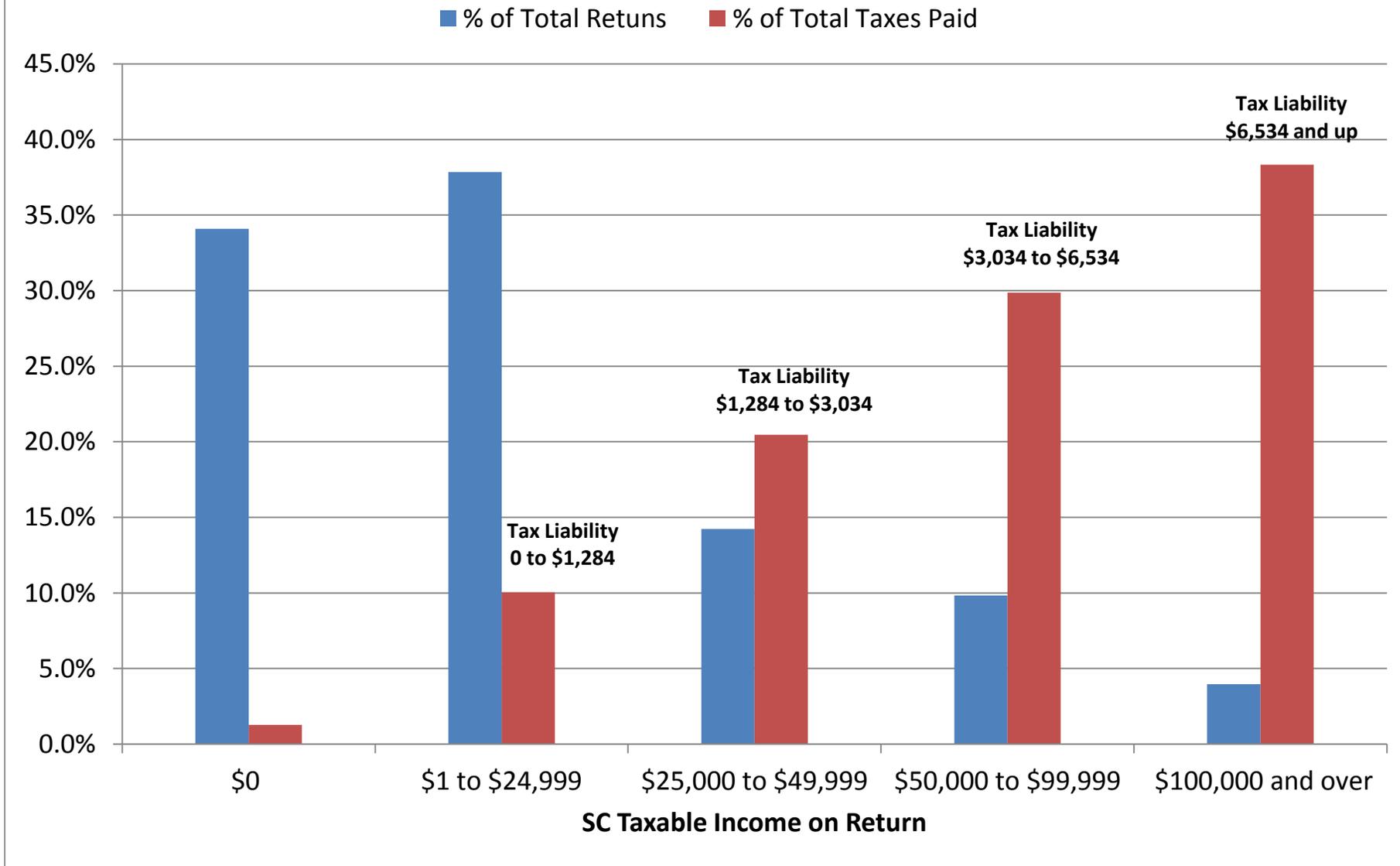
SOUTH CAROLINA TOTAL AND GENERAL FUND SALES TAX COLLECTIONS as a Percentage of Total Personal Income



SOUTH CAROLINA INCOME TAX COLLECTIONS as a Percentage of Total Personal Income

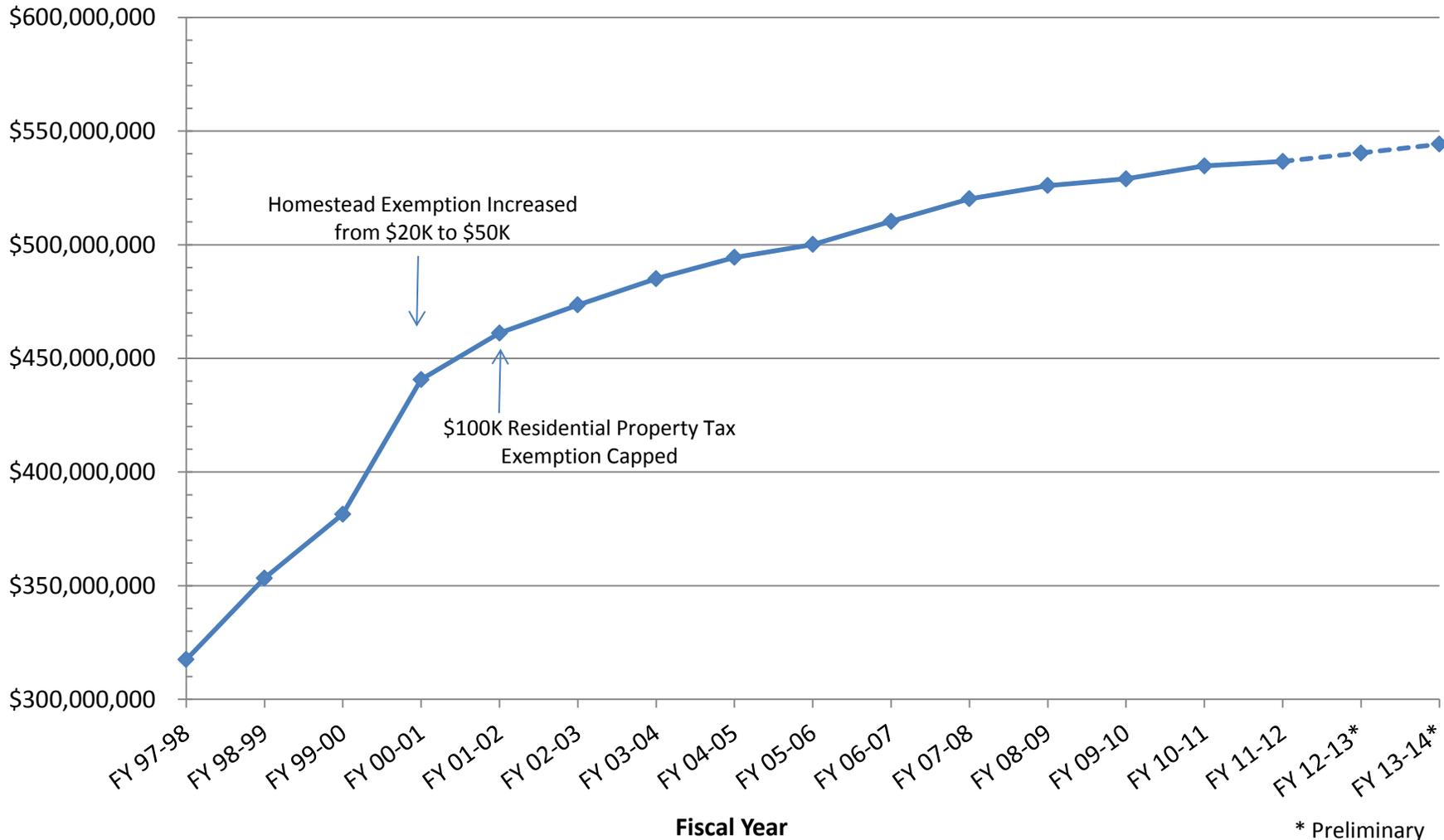


DISTRIBUTION OF SC INDIVIDUAL INCOME TAX RETURNS and Taxes Paid for 2010



TRUST FUND FOR PROPERTY TAX RELIEF

Residential Exemption (Tier I), Homestead Exemption (Tier II), Manufacturer's Depreciation, and Merchant's Inventory Reimbursements

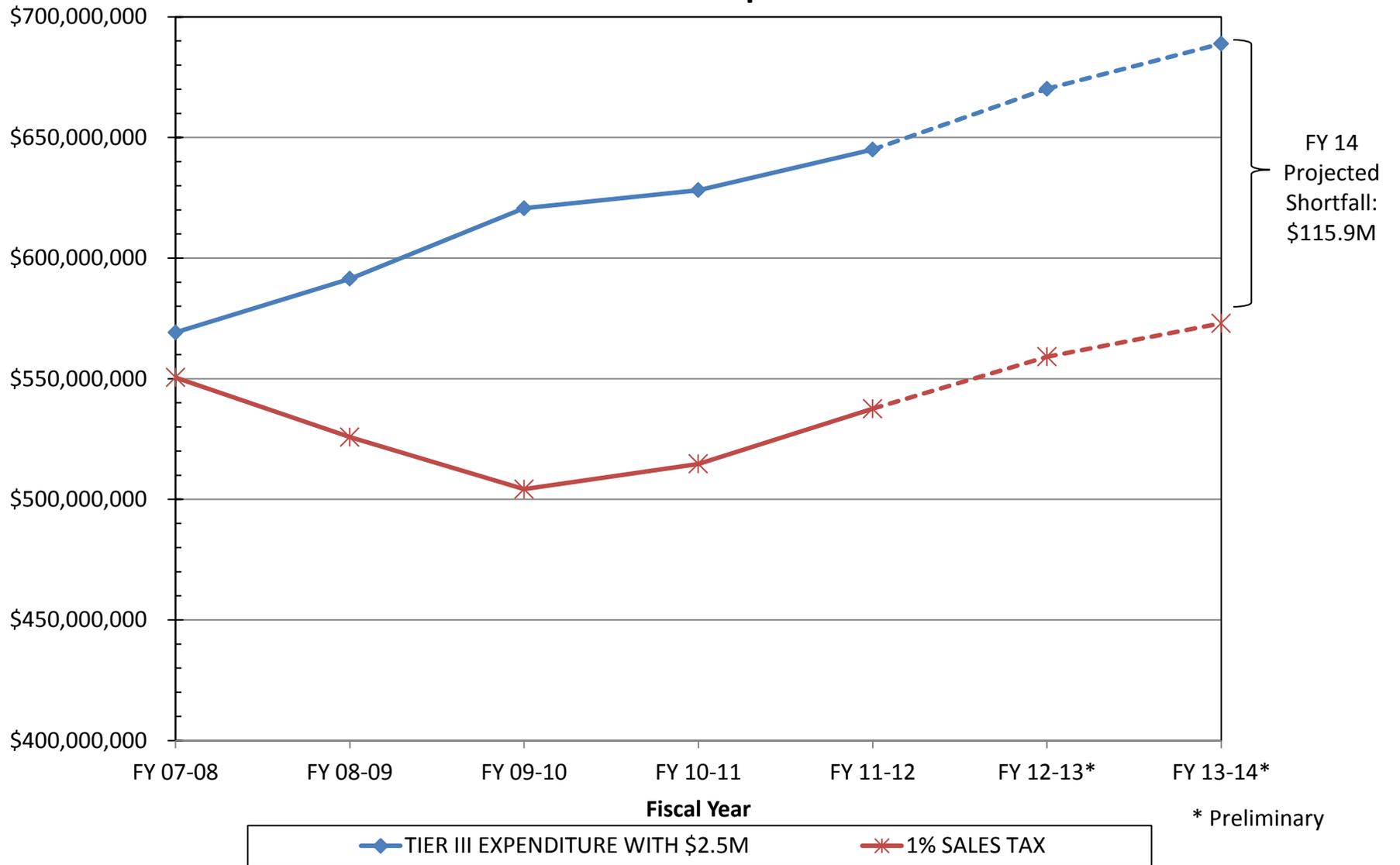


Note: Beginning in FY 1998-99, property tax relief appropriations were moved off-budget and associated revenue was transferred to the Trust Fund for Property Tax Relief.

Trust Fund for Property Tax Relief

	\$100,000 Residential Property Tax Exemption (Tier I)	Homestead Exemption County/City (Tier II part1)	School Operations (Tier II part 2)	65 and Over \$50,000 Homestead Exemption (Total Tier II)	Manufacturer's Depreciation Reimbursement from 20% to 10%	Merchant's Inventory Tax Exemption (originally passed 1984)	Total
	1	2	3	4	5	6	7
DOLLARS							
FY 2000 (TY 1999)	\$251,576,947			\$53,579,824	\$35,729,165	\$40,557,257	\$381,443,193
FY 2001 (TY 2000)	\$241,614,944			\$119,783,281	\$38,746,703	\$40,557,257	\$440,702,185
FY 2002 (TY 2001)	\$249,069,750			\$127,749,042	\$43,773,787	\$40,557,257	\$461,149,836
FY 2003 (TY 2002)	\$249,069,750			\$138,220,677	\$45,624,171	\$40,557,257	\$473,471,855
FY 2004 (TY 2003)	\$249,069,750			\$147,839,923	\$47,597,238	\$40,557,257	\$485,064,168
FY 2005 (TY 2004)	\$249,069,750			\$154,873,301	\$49,906,439	\$40,557,257	\$494,406,747
FY 2006 (TY 2005)	\$249,069,750			\$157,864,439	\$52,581,627	\$40,557,257	\$500,073,073
FY 2007 (TY 2006)	\$249,069,750			\$166,047,316	\$54,562,649	\$40,557,257	\$510,236,972
FY 2008 (TY 2007)	\$249,069,750	\$92,073,054	\$80,892,728	\$172,965,782	\$57,582,305	\$40,557,257	\$520,175,094
FY 2009 (TY 2008)	\$249,069,750	\$97,469,317	\$80,892,728	\$178,362,045	\$57,996,007	\$40,557,257	\$525,985,059
FY 2010 (TY 2009)	\$249,069,750	\$101,442,286	\$80,892,728	\$182,335,014	\$56,982,806	\$40,557,257	\$528,944,826
FY 2011 (TY 2010)	\$249,069,750	\$104,339,347	\$80,892,728	\$185,232,075	\$59,805,615	\$40,557,257	\$534,664,696
FY 2011 Appropriation Act Est.	\$249,069,750	\$112,631,996	\$80,892,728	\$193,524,724	\$62,728,481	\$40,557,257	\$545,880,212
FY 2011 Surplus/(Shortfall)	\$0	\$8,292,649	\$0	\$8,292,649	\$2,922,867	\$0	\$11,215,516
GROWTH RATES							
FY 2000 (TY 1999)	5.77%			4.38%	51.30%	0.00%	7.95%
FY 2001 (TY 2000)	-3.96%			123.56%	8.45%	0.00%	15.54%
FY 2002 (TY 2001)	3.09%			6.65%	12.97%	0.00%	4.64%
FY 2003 (TY 2002)	0.00%			8.20%	4.23%	0.00%	2.67%
FY 2004 (TY 2003)	0.00%			6.96%	4.32%	0.00%	2.45%
FY 2005 (TY 2004)	0.00%			4.76%	4.85%	0.00%	1.93%
FY 2006 (TY 2005)	0.00%			1.93%	5.36%	0.00%	1.15%
FY 2007 (TY 2006)	0.00%			5.18%	3.77%	0.00%	2.03%
FY 2008 (TY 2007)	0.00%			4.17%	5.53%	0.00%	1.95%
FY 2009 (TY 2008)	0.00%	5.86%	0.00%	3.12%	0.72%	0.00%	1.12%
FY 2010 (TY 2009)	0.00%	4.08%	0.00%	2.23%	-1.75%	0.00%	0.56%
FY 2011 (TY 2010)	0.00%	2.86%	0.00%	1.59%	4.95%	0.00%	1.08%
5 Year Growth Rate	0.00%	n/a	n/a	3.25%	2.61%	0.00%	1.35%
4 Year Growth Rate	0.00%	n/a	n/a	2.77%	2.32%	0.00%	1.18%
3 Year Growth Rate	0.00%	4.26%	0.00%	2.31%	1.27%	0.00%	0.92%
PROJECTIONS							
FY 12 & FY 13 Applied Growth Rates	0.00%	4.26%	0.00%	n/a	4.44%	0.00%	n/a
FY 2012 Appropriation Act Est.	\$249,069,750	\$115,071,261	\$80,892,728	\$195,963,989	\$60,089,714	\$40,557,257	\$545,680,709
FY 2012 Revised Estimate (Nov 11)	\$249,069,750	\$108,781,064	\$80,892,728	\$189,673,792	\$62,458,662	\$40,557,257	\$541,759,461
FY 2012 Projected Surplus/(Shortfall)	\$0	\$6,290,197	\$0	\$6,290,197	(\$2,368,948)	\$0	\$3,921,249
FY 2013 Projection (Nov 11)	\$249,069,750	\$113,411,865	\$80,892,728	\$194,304,593	\$65,229,402	\$40,557,257	\$549,161,002

HOMESTEAD EXEMPTION FUND (TIER III) Revenues and Expenditures



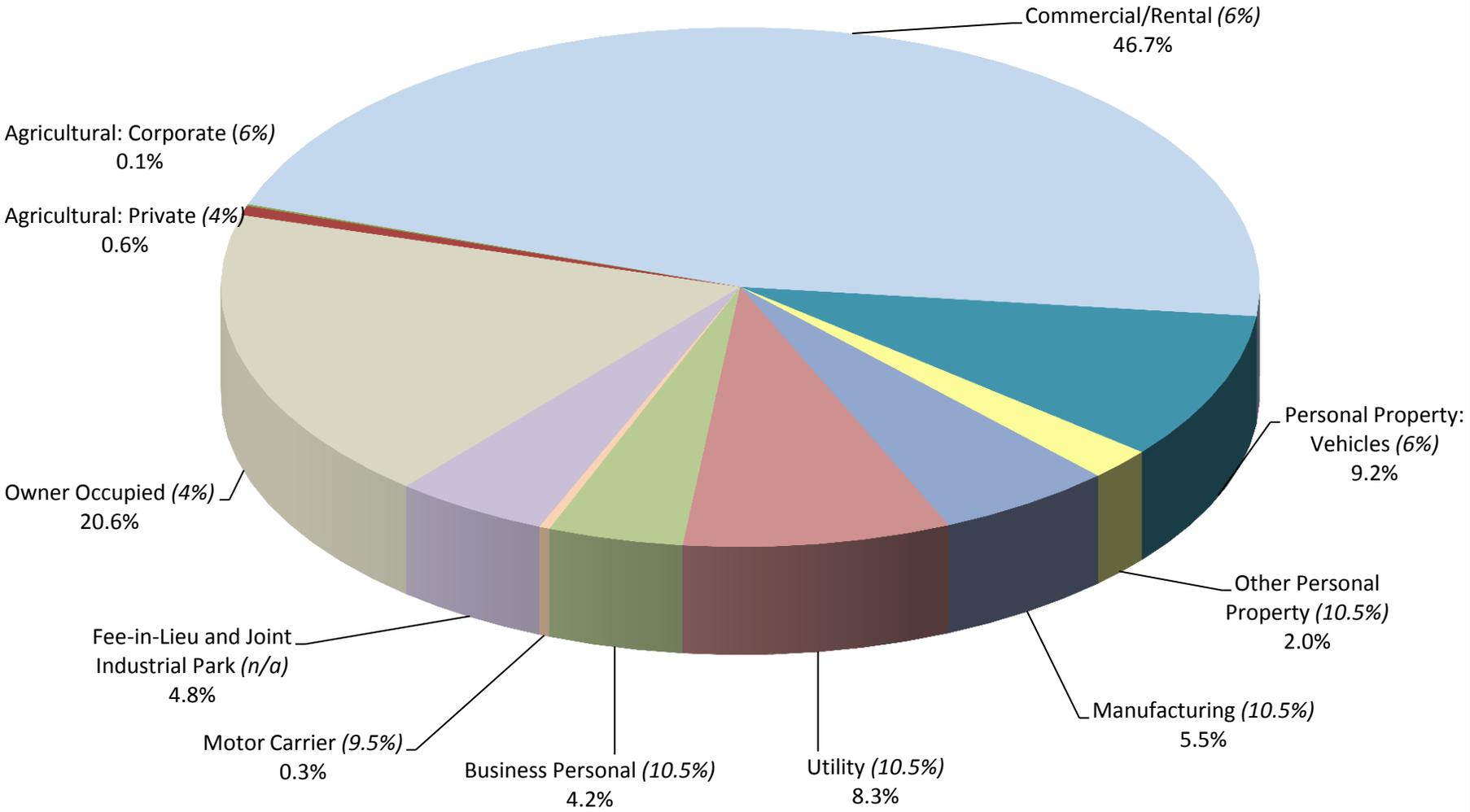
Note: Tier III Expenditure includes \$2.5M minimum disbursements and lease purchase lawsuit revisions. Revenue projection based upon BEA 11/09/12 forecast.

**PROJECTED PROPERTY TAX REVENUE BY ASSESSMENT CLASSIFICATION
AND REIMBURSEMENTS BY THE STATE FOR FY 2013-14**

Property Class (Assessment Ratio)	Projected Property Tax Revenue	Percent of Total Revenue
Owner Occupied (4%)	1,130,158,133	21.1%
Agricultural - Private (4%)	32,974,872	0.5%
Agricultural - Corporate (6%)	7,182,962	0.1%
Commercial/Rental (6%)	2,552,353,298	46.9%
Personal Property-Vehicles (6%)	556,093,057	8.7%
Other Personal Property (10.5%)	91,974,154	1.6%
Manufacturing (10.5%)	268,684,259	4.3%
Utility (10.5%)	479,958,300	7.8%
Business Personal (10.5%)	200,207,484	4.0%
Motor Carrier (9.5%)	13,438,038	0.3%
Fee-in-Lieu and Joint Industrial Park (n/a)	301,952,761	4.6%
Projected Total Property Tax Revenue for FY 2013-14	5,634,977,319	100%

Property Tax Reimbursements by the State	FY 2013-14
\$100K Residential School Operations Reimbursement (Tier I)	249,069,750
Homestead Exemption (Tier II)	194,693,835
Residential School Operations Reimbursement (Tier III)	673,596,200
Manufacturer Depreciation Reimbursement	59,893,129
Merchant Inventory Tax Reimbursement	40,557,257
Projected Total Reimbursements for FY 2013-14	1,217,810,171

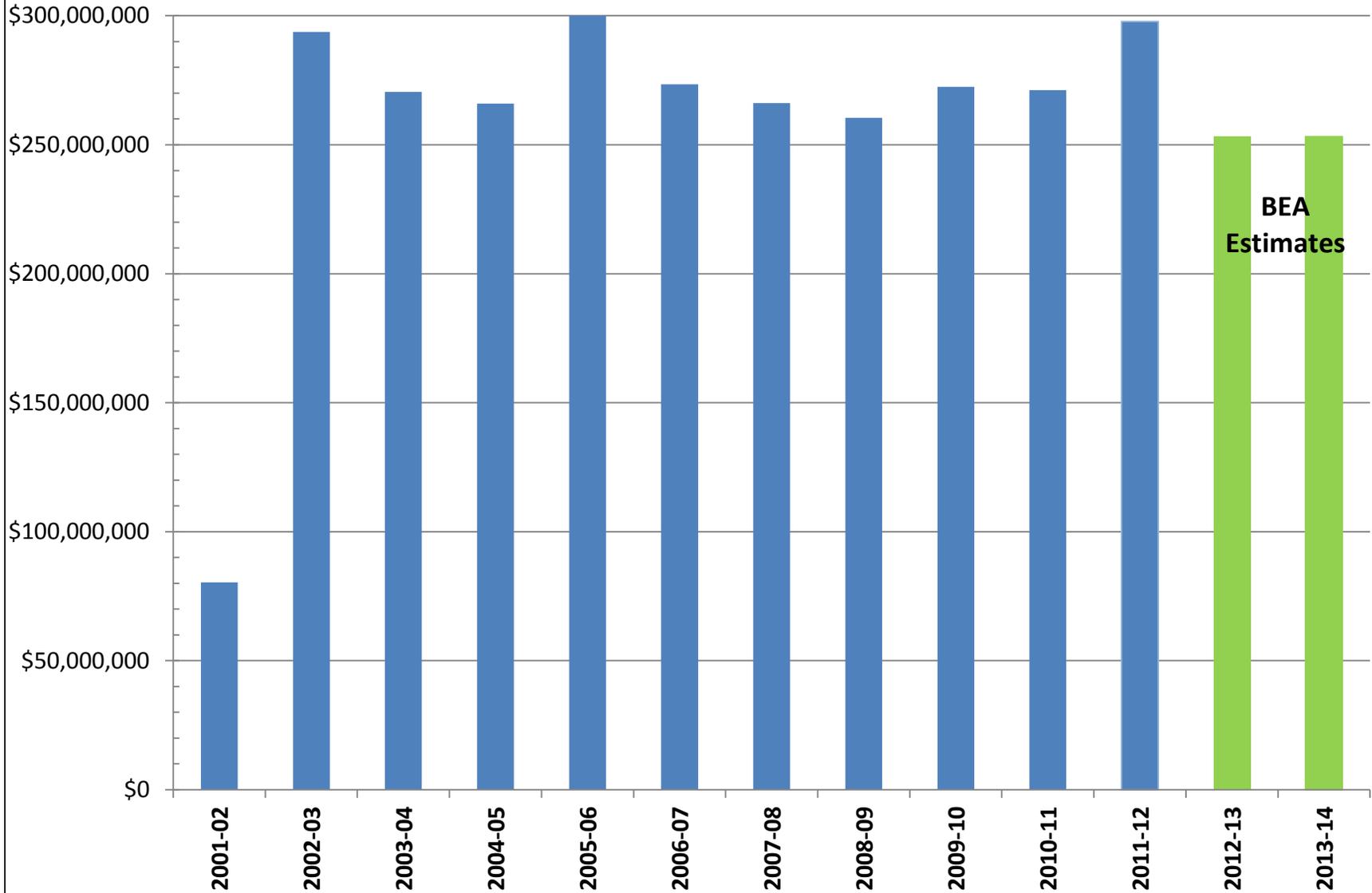
PROJECTED DISTRIBUTION OF PROPERTY TAX REVENUE BY ASSESSMENT CLASSIFICATION FOR FY 2013-14



Note: Figures do not include the estimated \$1,217,810,171 in property tax relief reimbursed by the State.
(Assessment ratio in parentheses.)

TRANSFERS TO SC EDUCATION LOTTERY ACCOUNTS

Inception - FY13-14 BEA Estimate



PERSONAL INCOME GROWTH
FY13 - 3.6%; FY14 - 3.0%

GENERAL FUND REVENUE FORECAST
FISCAL YEARS FY2010-11 TO FY2013-14
(DOLLARS)

REVENUE CATEGORIES	FINAL FY 2010-11	FINAL FY 2011-12	11/09/12 ESTIMATE FY 2012-13	11/09/12 ESTIMATE FY 2013-14	PERCENT CHANGE FY10/FY11	PERCENT CHANGE FY11/FY12	PERCENT CHANGE FY12/FY13	PERCENT CHANGE FY13/FY14
RETAIL SALES TAX 1/	2,225,996,744	2,335,590,217	2,446,414,558	2,509,500,990	2.4	4.9	4.7	2.6
EXCISE, CASUAL SALES TAX	18,708,889	18,878,543	20,016,055	20,566,488	6.2	0.9	6.0	2.7
INDIVIDUAL INCOME TAX	2,907,731,224	3,096,834,299	3,244,929,740	3,329,632,998	8.8	6.5	4.8	2.6
CORPORATION INCOME TAX	216,081,851	252,903,577	266,307,467	263,085,245	45.5	17.0	5.3	-1.2
SALES AND INCOME TAXES	5,368,518,708	5,704,206,636	5,977,667,820	6,122,775,722	7.1	6.3	4.8	2.4
ADMISSIONS/BINGO TAX	32,910,966	34,784,034	36,151,212	37,235,749	1.8	5.7	3.9	3.0
ADMISS. TAX TRANSFER TO PRT	(6,022,004)	(6,163,235)	(6,671,789)	(6,871,943)				
AIRCRAFT TAX	3,813,497	3,998,908	4,138,870	4,283,730	-28.8	4.9	3.5	3.5
ALCOHOLIC LIQUOR TAX	59,144,433	61,175,206	62,704,586	64,272,201	2.9	3.4	2.5	2.5
BANK TAX	24,451,372	15,083,428	17,139,978	17,448,498	56.0	-38.3	13.6	1.8
BEER AND WINE TAX	101,449,245	100,650,171	102,663,174	104,716,438	2.2	-0.8	2.0	2.0
BUSINESS LICENSE TAX	24,692,298	26,247,497	25,985,022	25,725,172	-30.0	6.3	-1.0	-1.0
COIN-OPERATED DEVICES	1,558,975	1,555,657	1,746,052	1,477,874	-9.5	-0.2	12.2	-15.4
CORPORATION LICENSE TAX	88,714,001	101,707,552	106,986,854	112,978,118	20.8	14.6	5.2	5.6
DEPARTMENTAL REVENUE 3/	43,441,574	42,395,005	36,590,056	36,590,056	-32.0	-2.4	-13.7	0.0
DOCUMENTARY TAX	28,589,611	29,941,728	30,810,038	31,703,529	-13.9	4.7	2.9	2.9
LESS: CONSERVATION BANK TRUST FUND	0	0	(7,702,510)					
EARNED ON INVESTMENTS	33,433,569	29,235,561	28,000,000	24,000,000	-19.8	-12.6	-4.2	-14.3
ELECTRIC POWER TAX	28,395,473	22,045,245	22,794,783	23,569,806	0.6	-22.4	3.4	3.4
LESS: TRANSFER TO COMMERCE/SIB	(28,395,473)	(22,045,245)	(22,794,783)	(23,569,806)				
ESTATE AND GIFT TAXES	8,219	(140,871)	0	0	-88.7	-1814.0	-100.0	ERR
LESS: FEDERAL CHANGE TO ESTATE TAX	0	0	0	0				
INSURANCE PREMIUM TAX	158,828,101	165,403,506	174,335,295	180,876,740	2.4	4.1	5.4	3.8
INSURANCE LICENSE TAX	31,070,742	14,524,267	32,679,601	16,339,800	135.8	-53.3	125.0	-50.0
INSURANCE RETALIATORY & OTHER TAX	4,542,270	5,614,329	5,650,000	5,650,000	-20.0	23.6	0.6	0.0
LESS: INSURANCE CREDITS	(7,475,333)	(14,414,485)	(14,500,000)	(14,500,000)	-51.3	92.8	0.6	0.0
MOTOR TRANSPORT FEES	0	0	0	0	-100.0			
MOTOR VEHICLE LICENSES	15,359,562	10,448,808	10,000,000	10,202,066	24.2	-32.0	-4.3	2.0
PETROLEUM INSPECTION TAX	7,925,129	7,947,159	8,058,419	8,171,237	1.4	0.3	1.4	1.4
LESS: TRANSFER TO NON-FED HGWY FUND	(7,925,129)	(7,947,159)	(8,058,419)	(8,171,237)				
PRIVATE CAR LINES TAX	3,925,706	3,820,831	3,889,606	3,959,619	-0.8	-2.7	1.8	1.8
PUBLIC SERVICE AUTHORITY	18,656,000	19,617,000	20,000,000	21,000,000	0.8	5.2	2.0	5.0
RETAILERS LICENSE TAX	876,579	858,816	883,722	909,350	9.6	-2.0	2.9	2.9
SAVINGS & LOAN TAX	1,707,369	1,304,593	1,343,731	1,384,043	-50.1	-23.6	3.0	3.0
WORKERS COMP. INSURANCE	11,423,978	10,118,949	10,382,042	10,651,975	-11.7	-11.4	2.6	2.6
CIRCUIT/FAMILY COURT FINES	9,564,970	9,157,948	9,341,107	9,527,929	-1.6	-4.3	2.0	2.0
DEBT SERVICE TRANSFERS	562,397	468,907	112,780	89,557	5.0	-16.6	-75.9	-20.6
INDIRECT COST RECOVERIES	11,161,935	11,022,484	11,061,222	11,061,222	-30.6	-1.2	0.4	0.0
MENTAL HEALTH FEES	3,400,000	0	0	0	0.0	-100.0		
PAROLE / PROBATION FEES	3,392,808	3,392,808	3,392,808	3,392,808	0.0	0.0	0.0	0.0
UNCLAIMED PROPERTY FUND	15,000,000	15,000,000	15,000,000	15,000,000	25.0	0.0	0.0	0.0
OTHER BASE SOURCES	718,182,839	696,809,402	722,113,457	721,178,647	1.6	-3.0	3.6	-0.1
TOTAL GENERAL FUND REVENUE	6,086,701,547	6,401,016,038	6,699,781,277	6,843,954,369	6.4	5.2	4.7	2.2
APPROPRIATION ACT REVENUE	5,574,343,096	6,020,099,711	6,653,699,117	6,843,954,369	-8.3	8.0	10.5	2.9
LESS: TAX RELIEF TRUST FUND	(534,864,696)	(536,610,045)	(540,357,815)	(544,213,970)	1.1	0.4	0.7	0.7
PLUS: TAX RELIEF FUND CARRYFORWARD	0	0	0	0				
EXCLUDING TRUST FUNDS	5,039,678,400	5,483,489,666	6,113,341,302	6,299,740,399	-9.2	8.8	11.5	3.0
CAPITAL RESERVE FUND (2%) - BEG. BAL.	110,883,455	104,837,916	112,656,555	117,155,905		-5.5	7.5	4.0
GENERAL RESERVE FUND (3%) - BEG. BAL.	166,325,183	183,466,352	281,641,388	292,869,763		10.3	53.5	4.0
TOTAL RESERVES	277,208,638	288,304,268	394,297,943	410,045,668		4.0	36.8	4.0
REVENUE EXCESS / SHORTAGE FROM ACT	512,358,451	380,916,327	46,082,160	0				
EDUCATION IMPROVEMENT ACT 2/	567,644,720	590,499,989	616,707,653	632,629,370	3.0	4.0	4.4	2.6
EIA FUND	567,538,358	590,416,245	616,607,653	632,514,370	2.9	4.0	4.4	2.6
EIA HOLD HARMLESS								
EIA INTEREST	106,361	83,744	100,000	115,000	43.2	-21.3	19.4	15.0
S.C. EDUCATION LOTTERY FUND (NET)	271,391,010	297,737,981	253,133,000	252,400,000	-0.4	9.7	-15.0	-0.3
HOMESTEAD EXEMPTION FUND								
TOTAL REVENUE AVAILABLE	517,800,000	537,540,291	559,124,704	572,983,413				
LESS: HOMESTEAD EXEMPT. FUND SHORTFALL	(110,379,407)	(107,482,098)	(111,040,243)	(115,897,240)				

1/ Excludes (1%) Education Improvement Act and (2%) Accommodations Taxes.
2/ Includes interest earnings.
3/ Includes former Dept. of Agriculture agency revenue other than the Petroleum Inspection Tax now shown separately.
Source: S. C. Board of Economic Advisors/11/09/12